

HOUSE BILL 470

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CF SB 283

By: **The Speaker (By Request – Administration) and Delegates Bohanan, Conway, Doory, Beidle, Bobo, Hecht, Levy, Mathias, Reznik, and Shewell**

Introduced and read first time: January 29, 2010
Assigned to: Appropriations and Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: April 3, 2010

CHAPTER _____

1 AN ACT concerning

2 **Higher Education Investment Fund – Tuition Stabilization and Funding**

3 FOR the purpose of requiring the Comptroller to continue to distribute certain income
4 tax revenue from corporations to the Higher Education Investment Fund;
5 expanding the authorized uses of the Fund; establishing a Tuition Stabilization
6 Trust Account in the Fund; requiring certain funds to be transferred to the
7 Trust Account under certain circumstances; setting a certain State goal
8 regarding certain resident tuition and fees at public institutions of higher
9 education; providing that the Trust Account consists of certain money; limiting
10 the authorized use of funds in the Trust Account; defining certain terms; stating
11 a certain goal of the State for certain education funding; requiring the governing
12 boards of certain higher education institutions to periodically review tuition at
13 certain institutions and to take certain other actions for certain purposes; and
14 generally relating to funding and authorized uses of the Higher Education
15 Investment Fund.

16 BY repealing and reenacting, with amendments,
17 Article – Education
18 Section 15–106.6
19 Annotated Code of Maryland
20 (2008 Replacement Volume and 2009 Supplement)

21 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Tax – General
 2 Section 2–613.1
 3 Annotated Code of Maryland
 4 (2004 Replacement Volume and 2009 Supplement)

5 Preamble

6 WHEREAS, The State public universities have not raised in-State
 7 undergraduate tuition in the last four years and as a result Maryland has fallen from
 8 the 6th highest public tuition state in the nation to a current ranking of 17th; and

9 WHEREAS, The Commission to Develop the Maryland Model for Funding
 10 Higher Education was charged with developing an effective statewide framework for
 11 higher education funding to establish a consistent and stable funding mechanism
 12 while promoting policies to achieve national eminence; and

13 WHEREAS, The Commission recommended that the Higher Education
 14 Investment Fund be established as a permanent fund; and

15 WHEREAS, The Commission recommended the creation of a Tuition
 16 Stabilization Account within the Higher Education Investment Fund to stabilize
 17 tuition costs for resident students; and

18 WHEREAS, The Commission recommended that the State set as a goal to limit
 19 percentage increases in resident undergraduate tuition in any given year to a percent
 20 not to exceed the increase in the three-year rolling average of the State’s median
 21 family income, a policy that would link tuition increases to a measure of affordability
 22 for Maryland families; now, therefore,

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article – Education**

26 15–106.6.

27 (a) (1) In this section the following words have the meanings indicated.

28 (2) “Fund” means the Higher Education Investment Fund.

29 **(3) “PUBLIC SENIOR HIGHER EDUCATION INSTITUTION” HAS**
 30 **THE MEANING STATED IN § 10–101(J)(1) AND (2) OF THIS ARTICLE.**

31 **(3) (4) “TRUST ACCOUNT” MEANS THE TUITION**
 32 **STABILIZATION TRUST ACCOUNT.**

1 ~~[(3)]~~ ~~(4)~~ **(5)** “Tuition” means the charges and fees approved by the
2 governing board of a public senior higher education institution which are required of
3 all undergraduate resident students by the institution as a condition of enrollment
4 regardless of the student’s degree program, field of study, or selected courses.

5 (b) (1) There is a Higher Education Investment Fund.

6 (2) The purpose of the Fund is to:

7 (i) Invest in public higher education and workforce
8 development; and

9 (ii) Keep tuition affordable for Maryland students and families.

10 (3) The Fund is a special, nonlapsing fund that is not subject to §
11 7–302 of the State Finance and Procurement Article.

12 (4) The Treasurer shall hold the Fund and the Comptroller shall
13 account for the Fund.

14 (5) The proceeds of the Fund shall be invested and reinvested.

15 (6) Any investment earnings shall be paid into the Fund.

16 (7) The Fund consists of:

17 (i) Money appropriated in the State budget for the Fund; and

18 (ii) Any other money from any other source accepted for the
19 benefit of the Fund.

20 (8) The Commission shall administer the Fund.

21 (9) Money in the Fund may be expended only:

22 (i) To supplement General Fund appropriations to public senior
23 higher education institutions and research institutes of the University System of
24 Maryland;

25 (ii) For capital projects for public senior higher education
26 institutions and research institutes of the University System of Maryland;

27 (iii) For workforce development initiatives administered by the
28 Commission; and

29 (iv) For initiatives to address higher education needs related to
30 the United States Department of Defense Base Realignment and Closure process.

1 (10) Expenditures from the Fund may be made only in accordance with
2 an appropriation approved by the General Assembly in the annual State budget.

3 (C) (1) WITHIN THE FUND THERE IS A TUITION STABILIZATION
4 TRUST ACCOUNT.

5 (2) (I) THE TRUST ACCOUNT IS ESTABLISHED TO RETAIN
6 REVENUES FOR STABILIZING TUITION COSTS FOR RESIDENT UNDERGRADUATE
7 STUDENTS.

8 (II) IN YEARS OF INCREASING CORPORATE TAX REVENUES
9 THAT ARE ALLOCATED TO THE FUND UNDER § 2-613.1 OF THE TAX – GENERAL
10 ARTICLE, FUNDS SHALL BE DEPOSITED INTO THE TRUST ACCOUNT.

11 (III) FUNDS IN THE TRUST ACCOUNT SHALL BE USED ONLY
12 TO STABILIZE TUITION AT PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.

13 (IV) IT IS THE GOAL OF THE STATE THAT ANY INCREASE IN
14 RESIDENT UNDERGRADUATE TUITION AND ACADEMIC FEES AT PUBLIC SENIOR
15 INSTITUTIONS OF HIGHER EDUCATION IN ANY GIVEN YEAR SHOULD BE LIMITED
16 TO A PERCENT NOT TO EXCEED THE INCREASE IN THE 3-YEAR ROLLING
17 AVERAGE OF THE STATE'S MEDIAN FAMILY INCOME.

18 (3) THE TRUST ACCOUNT CONSISTS OF:

19 (I) MONEY APPROPRIATED IN THE STATE BUDGET FOR
20 THE TRUST ACCOUNT; AND

21 (II) ANY OTHER MONEY FROM ANY OTHER SOURCE
22 ACCEPTED FOR THE BENEFIT OF THE TRUST ACCOUNT.

23 (4) A BALANCE OF BETWEEN 1% AND 5% OF RESIDENT
24 UNDERGRADUATE TUITION REVENUES RECEIVED BY PUBLIC SENIOR HIGHER
25 EDUCATION INSTITUTIONS IN THE PRIOR FISCAL YEAR SHOULD BE MAINTAINED
26 IN THE TRUST ACCOUNT.

27 (5) MONEY IN THE TRUST ACCOUNT MAY BE EXPENDED ONLY TO
28 SUPPLEMENT GENERAL FUND APPROPRIATIONS TO PUBLIC SENIOR HIGHER
29 EDUCATION INSTITUTIONS FOR THE PURPOSE OF STABILIZING TUITION COSTS
30 OF RESIDENT UNDERGRADUATE STUDENTS.

31 Article – Tax – General

32 2-613.1.

1 After making the distribution required under § 2–613 of this subtitle[:

2 (1)], of the remaining income tax revenue from corporations, the
3 Comptroller shall distribute:

4 [(i) for fiscal year 2008 only:

5 1. \$16,000,000 to the Higher Education Investment
6 Fund established under § 15–106.6 of the Education Article; and

7 2. the amount by which 15.15% of the remaining income
8 tax revenue from corporations exceeds \$16,000,000 to the General Fund; and

9 (ii) for each of fiscal years 2009 and 2010 only:

10 1.] (1) 6% to the Higher Education Investment Fund
11 established under § 15–106.6 of the Education Article; and

12 [2.] (2) 9.15% to the General Fund]; and

13 (2) for fiscal year 2011 and subsequent fiscal years, the Comptroller
14 shall distribute 15.15% of the remaining income tax revenue from corporations to the
15 General Fund of the State].

16 SECTION 2. AND BE IT FURTHER ENACTED, That it is the goal of the State
17 that in conjunction with moderate and affordable tuition, public senior higher
18 education institution funding should reach 100% of the funding guidelines as
19 developed and approved by the Maryland Higher Education Commission.

20 SECTION 3. AND BE IT FURTHER ENACTED, That, in order to provide
21 access to higher education for Maryland students and to ensure a high return on State
22 general fund allocations to higher education, the governing boards of public senior
23 higher education institutions shall periodically conduct a review of tuition at
24 individual institutions and make adjustments when necessary to promote access, to
25 increase funding for financial aid, to align resident tuition rates with peer institutions
26 in the State and nationwide, and to affect student demand as demonstrated by
27 admissions data and productivity measures.

28 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect July 1, 2010.